

Memo from

To:

JOSHUA LEDERBERG

Ken Arrow

JAN 5 1971

Discounts and health.

Thank you for helping me clarify this analysis. Your approach readily persuades me; I did not have the experience to adopt it naturally.

What I think is an equivalent restatement is to ask: What burden of debt, with accumulated interest, would my descendant have wished me to subscribe as an investment he would accept as a fair bargain for the relief of his burden of ill health.

I am still troubled by the difficulty that good health is priceless, i.e., that in too many cases no market exists for the purchase of freedom from pain and anxiety, and the enjoyment of every other good. So that any estimate based on "productivity" is a lower bound.

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Is it legitimate to add the price of medical services to the residual burden of impaired productivity? I do so on the argument that 'medicine' pays for the alleviation of the more remediable part of that burden, which would be much larger if we did not buy medical service. But should we then also add the additional cost of our investments in safety, for the prevention of environmental hazards? However, this would mostly inflate the non-genetic component of ill health, and probably have no bearing on the assessment of radiation effects.

So many decisions in this field are "irrational" and based on imperfect information (or perception thereof-- like cost of smoking before a lung cancer is diagnosed) that I am not sure how far to push the model.

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any good general
discussion of this
in print, besides

you in AER '63?

Josh.